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**NOTE**

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From: Presidency  
To: Delegations

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Subject: Revised draft Council Conclusions on the Single Market Strategy

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Delegations will find in Annex revised draft Council Conclusions on the Single Market Strategy to be adopted by the Competitiveness Council on 29 February 2016.

*Revised draft Council Conclusions on the Single Market Strategy  
to be adopted by the Competitiveness Council on 29 February 2016*

**The Council (COMPETITIVENESS):**

1. REITERATES that the Single Market is Europe's main engine for growth and job creation and a key to investment and increasing European competitiveness.<sup>1</sup> EMPHASISES that strengthening and deepening the Single Market requires urgent and ambitious actions, both at Union and national level, to deliver concrete and pragmatic results which directly benefit consumers and businesses, in particular SMEs. UNDERLINES that the Single Market Strategy, together with the Digital Single Market Strategy and the Capital Markets Union, constitute essential drivers for future-proof growth and job creation and should therefore be implemented in a timely, ambitious and mutually consistent way.
  
2. In light of the above, RECALLS the European Council's call to speed up the adoption, transposition and implementation of Union legislation in the Single Market area and to enhance efforts to remove barriers and to complete the Single Market in products and services<sup>2</sup>, and STRESSES that such an accelerated and intensified approach requires priority treatment by all three institutions, with a view to achieving ambitious results on the concrete proposals, in line with better regulation principles<sup>3</sup>, ~~always taking into account proper protection of consumers, health, the environment and employees.~~<sup>4</sup>

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<sup>1</sup> EUCO 28/15 – European Council (18 December 2015)

<sup>2</sup> EUCO 237/14 – European Council (18 December 2014)

<sup>3</sup> Doc.9079/15 (COM(2015) 215)

<sup>4</sup> Doc. 6197/15

3. UNDERLINES that it is crucial for all Single Market legislation to be transparent, simple and based on the most efficient tools, such as harmonisation as well as mutual recognition<sup>5</sup>, in line with the ‘refreshed approach to the Single Market’<sup>6</sup> and the need to mainstream competitiveness. REITERATES that EU legislation should enhance the Union's competitiveness and should therefore be future-proof, foster innovation, market integration as well as ~~encourage openness to the rest of the world, and~~ **facilitate integration in global value chains. Furthermore, it should** reduce the overall regulatory ~~and administrative~~ burden on businesses **and eliminate unnecessary administrative burdens, whilst always taking into account proper protection of consumers, health, the environment and employees.**
4. WELCOMES the Single Market Strategy and its 11 key areas wherein concrete actions are foreseen. RECALLS the European Council’s conclusion that the Union needs bold steps to foster growth, increase investments, create more and better jobs and encourage reforms for competitiveness<sup>7</sup>, UNDERLINES its call for ambition in the implementation of the roadmap to delivering on the Strategy<sup>8</sup>, and in particular HIGHLIGHTS that:
- i. SMEs, start-ups, scale-ups and innovative businesses should be fully enabled and stimulated to grow through cross-border economic activity, in particular trade and investment;
  - ii. releasing the untapped potential in services should be prioritised;
  - iii. implementation, compliance and enforcement should be further upgraded and intensified.

#### **I. SMEs, start-ups, scale-ups and innovative businesses**

5. In line with the "Think Small First" principle, EMPHASISES the vital importance start-ups and young scale-ups have due to their very significant contribution to job creation **and innovation.** ~~and~~ UNDERLINES that this requires immediate and comprehensive measures to boost their competitiveness, cross-border expansion **and scale-up potential**, entrepreneurship and innovative capacity, **as well as the EU's overall attractiveness for innovators.**

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<sup>5</sup> EUCO 28/15 – European Council (18 December 2015)

<sup>6</sup> Doc. 6197/15 – Council Conclusions on Single Market Policy (2 March 2015)

<sup>7</sup> EUCO 79/14 – European Council (27 June 2014)

<sup>8</sup> EUCO 28/15 – European Council (18 December 2015)

- 5a. UNDERLINES that SMEs still face difficulties with access to finance and RECALLS the European Council's call to prioritise facilitating access to finance and investment<sup>9</sup>. STRESSES the importance of improving bank financing as well as developing non-bank financing opportunities for all SMEs, giving particular attention to high-growth potential SMEs<sup>10</sup>. In that context WELCOMES the objective of unlocking capital around Europe, in particular risk capital, including through a European venture capital fund of funds.
6. RECOGNISES the opportunities for consumers and businesses presented by the collaborative economy and LOOKS FORWARD to the Commission's guidance on the application of the EU acquis to the collaborative economy before mid-2016, in order to ensure legal certainty for businesses and consumers, including through uniform and predictable application of EU legislation within and between Member States. CALLS ON the Commission to actively involve stakeholders in this process and to keep the Council informed on the progress of this guidance.
7. WELCOMES the Commission's intention to identify innovative markets where innovative regulatory approaches could be piloted and ENCOURAGES Member States to join such initiatives, notably **for instance** through innovation deals.
8. WELCOMES the concept of a Single Digital Gateway, which would in particular address the needs of start-ups by making it comprehensive, accessible and user-friendly, and RECALLS the importance of strengthening and streamlining existing Single Market tools for SMEs, in order to simplify **and facilitate** their cross-border activities and expansion. In ~~the~~ **this** context ~~of establishing a Single Digital Gateway,~~ **EMPHASISES** the **urgent** need for rapid improvement of all EU-related business contact points, including **further improvement of** the Points of Single Contact (PSCs), in line with the PSC Charter. CALLS ON the Commission to report to the Council on progress and next steps by September 2016.

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<sup>9</sup> EUCO 79/14 – European Council (27 June 2014)

<sup>10</sup> Doc. 10148/15 Council conclusions on CMU June 2015

9. STRESSES the need for compliance costs stemming from VAT requirements to be reduced significantly, in particular for SMEs. Therefore, LOOKS FORWARD to the Digital Single Market's VAT simplification measure to help small e-commerce businesses as well as the Single Market Strategy's comprehensive VAT simplification package for SMEs, ~~and~~ STRESSES that they should aim at practical benefits for businesses and entrepreneurs. CALLS ON the Commission to adopt these two initiatives as soon as possible in 2016 and 2017 respectively, ~~with a view to their rapid examination by the Council.~~

## II. Services

10. STRESSES that improving the competitiveness of services markets constitutes a key pillar of an upgraded Single Market and UNDERLINES their strong knock-on effects for the competitiveness **and productivity** of manufacturing industries, in particular business services and construction sectors. ENDORSES their prioritisation by the Commission, with a view to achieving an integrated approach to removing **all unjustified or unnecessary** regulatory **and non-regulatory** restrictions to cross-border activity through targeted harmonisation and mutual recognition. ~~REITERATES~~ **ACKNOWLEDGES** the need for the Commission to focus initiatives inter alia on requirements regarding legal form, shareholding and insurance requirements, as well as management and multidisciplinary restrictions for service providers.
11. HIGHLIGHTS the need to reduce administrative barriers in these sectors, and in this respect WELCOMES the ~~introduction~~ **idea** of a services passport **for service providers who want to access other EU markets**, provided that it applies to temporary provision and secondary establishment, ~~both for companies as well as professionals~~. Furthermore STRESSES that it should **have a voluntary nature for services providers and should** build on existing structures, **such as the IMI system**, and does not lead to additional administrative burdens. **WELCOMES the Commission's intention to initially start with specific services in these priority sectors.** CALLS ON the Commission to ensure that the passport lives up to its name [and therefore also tackles regulatory barriers and advances mutual recognition in these priority sectors,] ~~through automatic recognition with the possibility for ex post controls by the host Member State.~~
12. REEMPHASISES the need to ensure more consistent proportionality assessment of regulatory requirements and restrictions applicable to services markets. Therefore

WELCOMES the analytical framework for comprehensive proportionality assessment of professional regulations, STRESSES the need **to develop as soon as possible** for the framework to ensure consistency and that it should therefore build on existing case law ~~and have a mandatory nature~~. CALLS ON the Commission to extend the framework to cover all relevant requirements and restrictions impacting access to and pursuit of services activities, regarding both professional qualifications and other regulatory requirements.

13. WELCOMES the periodic country specific guidance on regulated professions in light of its potential to strengthen proportionality assessment ~~among~~ **by** Member States and STRESSES the need to ensure an effective and consistent follow-up.

### III. Implementation, compliance and enforcement

14. EMPHASISES that implementation, compliance and enforcement should be further improved, upgraded and intensified; this will also enhance consumer and business confidence in the Single Market. In that regard CALLS ON Member States to put more efforts towards delivery on promises instead of promises on delivery. CALLS ON the Commission to prioritise smart but firm enforcement actions, based on transparent and objective criteria, targeting the most economically significant cases of unjustified or disproportionate barriers, and drawing on dedicated, ring-fenced resources.
15. REITERATES the importance of reinforcing SOLVIT's role as the first step in the enforcement of the acquis and CALLS ON Members States to appropriately equip and position their national SOLVIT centers to adequately fulfill this role. Furthermore, CALLS ON the Commission to ~~come forward with a roadmap~~ **take urgent action** on SOLVIT reinforcement, **identifying concrete objectives, required resources and timelines for improvement** by mid-2016, taking into account the key actions of the Lisbon paper<sup>11</sup>, in particular;
- i. improving the interaction between Commission services and national SOLVIT centers,
  - ii. ensuring more thorough analysis and consistent follow-up of relevant unresolved and repetitive SOLVIT cases by the Commission and

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<sup>11</sup> Doc. 14268/15 - The Future of Solvit - Outcome of the informal meeting of SOLVIT Centres held in Lisbon, 18 September 2015

- iii. improving SOLVIT's connection and cooperation with the Commission's formal complaint and enforcement procedures such as the Complaints Handling (CHAP) and the EU Pilot in a transparent procedure.

EMPHASISES the importance of regular reporting to the Council and the European Parliament on the progress achieved in this regard, and INVITES the Commission to ~~report for the first time in the second half of~~ **provide an update on actions taken to reinforce SOLVIT as part of the annual SOLVIT reporting, beginning with the report on** 2016.

15a. *This paragraph has been moved to the end and is now paragraph 17.*

16. HIGHLIGHTS the need for regular thematic reviews, **and** closer monitoring ~~and benchmarking~~ of national implementation of European Semester related recommendations aimed at increasing competitiveness ~~of and investments in services markets~~. STRESSES that more **reform**-commitment by both **the** Commission and Member States is required to eliminate unjustified or disproportionate national barriers ~~that prevent realisation of much-needed reform~~, in particular where it concerns ~~reforms to improve~~ the EU services markets.

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- 17.** ~~15a~~ STRESSES the need to ~~also~~ ensure practical delivery **in these three priority areas, and also in** the other key areas of the Single Market Strategy, ~~including intellectual property, and in particular~~ **In this context**, WELCOMES the Commission's intention to **modernise the European Standardisation System through the Joint initiative on Standardisation and to** present an ambitious EU-wide Action Plan to improve mutual recognition in the field of goods. CALLS ON the Commission and Member States to ~~make a major effort to~~ **reinforce market surveillance to** prevent and eliminate non-compliance in the Single Market for goods by better enforcing EU legislation ~~and by facilitating compliance~~. **Furthermore, STRESSES the importance of Europe's intellectual property framework to foster innovation, competitiveness and job creation.**